

Message Text

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ORIGIN ARA-10

INFO OCT-01 AS-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 CIEP-01 COME-00 DODE-00 EB-08 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
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R 270206Z JAN 77
FM SECSTATE WASHDC
TO AMEMBASSY QUITO
INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L STATE 018281

E.O. 11652: GDS

TAGS: BDIS, EINV, ENRG, EC

SUBJECT: OKC'S ACQUISITION OF ADA'S INTERESTS IN ECUADOR

REFERENCE: A) QUITO 275, B) QUITO 404

1. OKC'S ATTORNEY IN WASHINGTON, FRITZ-ALAN KORTH, ASKED FOR A MEETING WITH DEPARTMENT OFFICERS TO DISCUSS THE LATEST DEVELOPMENTS. KORTH WAS PRIMARILY INTERESTED IN RECEIVING A BRIEFING ABOUT REFTEL A, WHICH ADA HAD MENTIONED TO OKC. THEREFORE, DEPARTMENT OFFICERS BRIEFED
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KORTH ON JANUARY 26 AS THEY HAD ADA.

2. IN RETURN, KORTH ANSWERED THE QUESTIONS IN REFTEL B AS FOLLOWS:

A) Q: DOES OKC INTEND TO PURSUE ADA'S CLAIM AGAINST THE GOE, AND, IF SO, HOW?

A: YES, IN ITS OWN WAY, AS AN OKC CLAIM -- NOT AS ADA'S CLAIM. KORTH SAID THAT HE WAS NOT CERTAIN WHAT TACTICS OKC WOULD USE, BUT THAT THEY WOULD INCLUDE STAYING AWAY FROM USG REPRESENTATIVES IN ECUADOR FOR THE TIME BEING IN AN ATTEMPT TO SHOW THE GOE THAT OKC IS A "FRESH FACE" AND COMPLETELY DIVORCED FROM ADA AND THE USG. KORTH ADDED,

HOWEVER, THAT OKC WOULD KEEP THE DEPARTMENT INFORMED.

B) Q: DOES OKC PLAN TO ENTER INTO PARTNERSHIP WITH NORTHWEST TO DEVELOP THE GULF OF GUAYAQUIL, AND WAS SUCH A PARTNERSHIP IN ANY WAY A CONDITION OF OKC'S PURCHASE OF ADA'S ASSETS?

A: A PARTNERSHIP IS A POSSIBILITY. DISCUSSIONS ARE BEING HELD WITH NORTHWEST. SUCH A PARTNERSHIP WAS NOT A CONDITION OF OKC'S PURCHASE OF ADA'S ASSETS, BUT KORTH SAID THAT HE PRESUMED THAT OKC WOULD NOT HAVE GONE AHEAD WITHOUT SOME POSITIVE INDICATIONS.

C) Q: DOES OKC OR ADA PLAN TO PROCEED WITH THE SUIT IN TEXAS AGAINST NORTHWEST?

A: KORTH SAID THAT HE WAS NOT CERTAIN.

D) Q: WHAT ROLE DID GOE OFFICIALS (PARTICULARLY MINISTER OF NATURAL RESOURCES VARGAS) PLAY IN THE TRANSACTION, IF ANY?

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A: GOE OFFICIALS KNEW ABOUT THE TRANSACTION, AND "DID NOT STAND IN THE WAY". KORTH SAID THAT HE WAS NOT CERTAIN EXACTLY WHICH ECUADOREAN OFFICIALS WERE INFORMED.

E) Q: HOW MUCH DID OKC PAY ADA, AND WHAT SORT OF FINANCING ARRANGEMENTS HAVE BEEN MADE?

A: KORTH'S REPLY WAS "YOU'VE GOT TO BE KIDDING" HE THEN ADDED THAT HE MIGHT BE ABLE TO GIVE US SOME INFORMATION AT A MUCH LATER DATE.

3. COMMENT: THIS FIRST MEETING WAS OKC'S WAY OF GETTING ACQUAINTED. KORTH WAS EXPLICIT IN LETTING THE USG KNOW THAT OKC IS NOW THE MAJORITY STOCKHOLDER AND THE OPERATOR OF THE CONSORTIUM, AND THAT OKC PRESIDENT BOX PREFERS TO GO IT ALONE FOR A WHILE. WE TOLD HIM THAT THE DEPARTMENT AGREED WITH THAT APPROACH, BUT DID EXPECT TO BE KEPT INFORMED OF PROGRESS IN ORDER TO ASCERTAIN

WHETHER THE GOE WAS MEETING ITS OBLIGATIONS UNDER INTERNATIONAL LAW. KORTH AGREED, AND SAID THAT HE WOULD BE BACK IN TOUCH WITH WASHINGTON AGENCIES IN ABOUT 10 DAYS. THUS, WE WOULD WELCOME ANY ADDITIONAL QUESTIONS THE EMBASSY OR CONSULATE GENERAL MIGHT WANT US TO PUT TO HIM.

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